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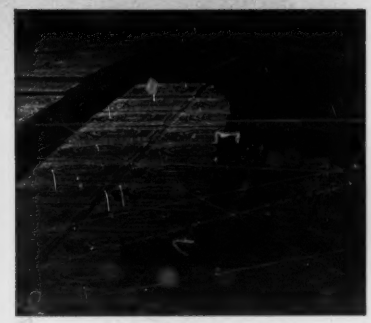

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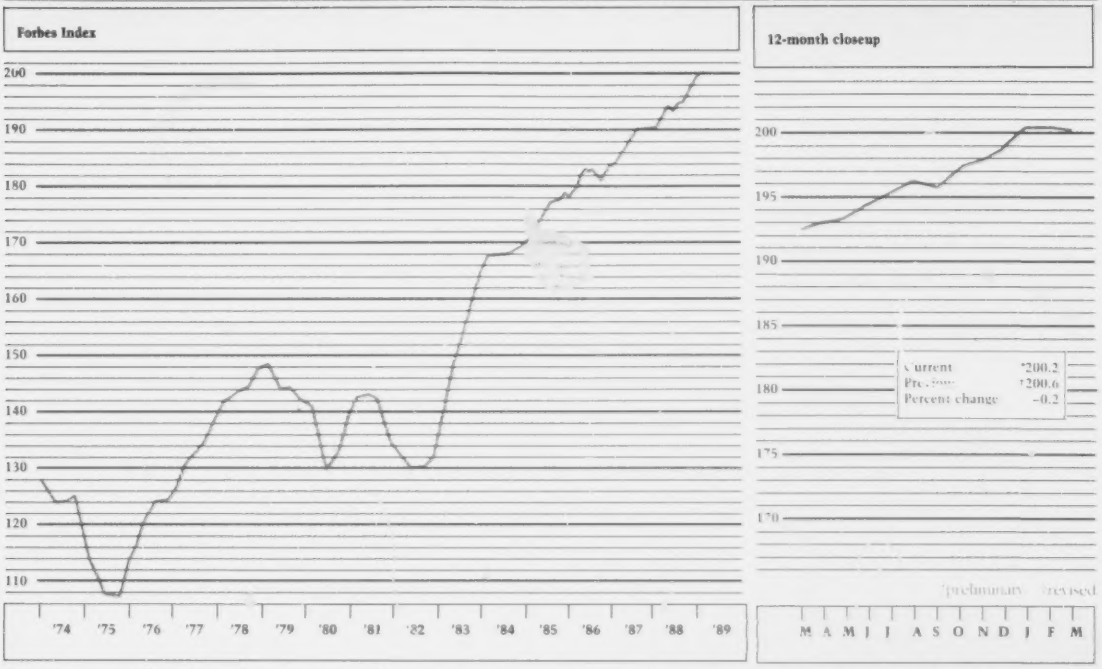
The Forbes Index

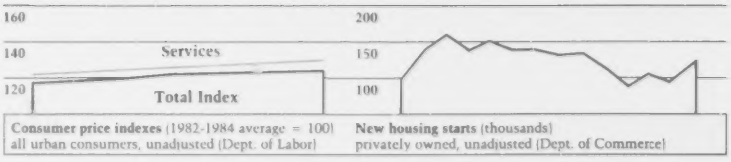


Frayed around the edges. Despite strong first-quarter corporate earnings *(see p. 151)*, other indicators pointed toward an economic slowdown. The Consumer Price Index rose 0.6% in March. The wholesale price index, following sharp increases in January and February, increased 0.4%. Higher energy prices may put additional inflationary pressure on the economy in coming months. New housing starts were off 9.7% from March 1988 and 17.6% from March 1987. Industrial production was unchanged for the third month in a row while new unemployment claims hit their highest level since July 1988. Retail sales haven't shown a meaningful increase in four months.

The Forbes Index Components

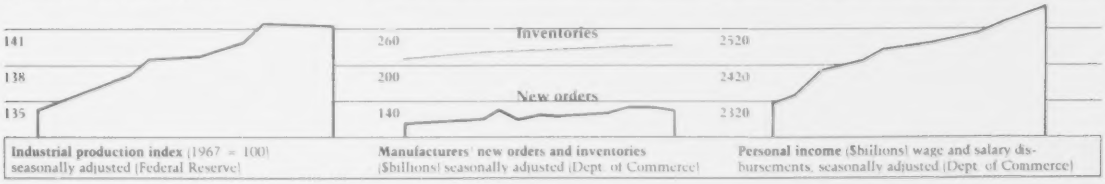
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)

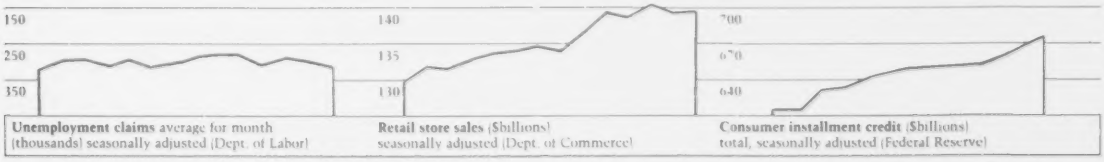
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)

Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)

Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

F M A M J J A S O N D J F M F M A M J J A S O N D J F M F M A M J J A S O N D J F M

Toxic waste is undoing takeover deals and corroding stock prices. Could there be slime in your portfolio?

Deals that smell bad

By Ruth Simon

ROBERT SANTOSKI COULD almost smell victory as he closed in on a $660 million deal to buy Koppers Co.'s chemical operations last summer. But then Santoski, a partner in Houston's Sterling Group, caught a whiff of something else: Koppers' toxic waste dumps. He walked away from the deal.

Santoski isn't alone. More and more deals are being torpedoed by toxic waste liabilities. "Five or six years ago environmental liability was a technical point people dealt through. Now it's a major consideration," says Robert O'Brien, head of leveraged buyout lending for Bankers Trust Corp., who has seen toxic waste problems ruin several deals.

Even when toxic waste doesn't kill a deal, it can force sellers to slash their asking price. "I've seen prices cut 30% because of environmental liabilities," says Maynard Toll Jr., a managing director at First Boston Corp.

The new awareness of toxic waste is changing the way businesses are bought and sold, and corroding stock prices in chemicals and other manufacturing industries. Wall Street is scrambling to figure out which companies are sitting on hidden toxic liabilities and who will pay. The estimated cost of cleaning up the nation's 10,000-plus toxic waste dumps: a staggering $500 billion over the next 50 years. And just about any company—from car manufacturers to silicon chip makers to food processors—can have a toxic waste liability.

Investment bankers at firms like Kohlberg Kravis Roberts, the Blackstone Group and Bankers Trust are hiring environmental experts to comb company records and inspect waste sites before they put their money into a deal. Environmental lawyers are suddenly in great demand. Skadden, Arps, Slate, Meagher & Flom, the New York City-based firm known for its takeover work, now employs 23 environmental attorneys who spend as much as 40% of their time vetting corporate deals.

Scampering to keep up are federal securities regulators and credit-rating outfits. Moody's Investors Service is now asking companies it rates for more detailed information on their potential environmental liabilities. "We're starting to see the leading edge of investor consciousness," says Robert Buhr, a senior Moody's analyst who is currently assembling a review on environmental credit risks. "It's not yet affecting credit quality, but it absolutely could."

Brian Athar

The Securities & Exchange Commission has sent letters to a number of corporations asking for more information on their environmental liabilities. And in the next few months the SEC will provide more guidance on how some of its disclosure requirements should apply to companies with toxic waste problems.

Everybody involved is watching something called the Federal Superfund National Priorities List, a roster of the nation's roughly 1,200 nastiest toxic dump sites. Typical estimated cleanup cost: anywhere between $10 million and $30 million per site. And much of America's oozing goop isn't even chronicled on the Superfund list. Excluded are thousands of toxic dumps on company-owned sites still used for waste disposal and an even larger number that haven't yet made the Superfund list because they have not yet been fully evaluated.

Just as the cost of asbestos litigation bankrupted some previously solid companies, so could the cost of cleaning up toxic wastes. James Kirk is chairman of OHM Corp., a Findlay, Ohio hazardous waste cleanup company. Says he, "We see large companies that tell us they have six sites that will cost a total of $600 million to $900 million to clean up." Sums like that could easily put into Chapter 11 some thinly capitalized or overleveraged companies.

For stock pickers and investment bankers alike, getting good information on companies' toxic liabilities is extremely difficult—if for no other reason than some companies themselves don't know. Cleanup costs can run anywhere from $100,000 to $500 million or more per site, depending on the type of waste and the extent of the problem, and how it is cleaned up. And many sites involve multiple companies.

Adding to the uncertainty is the sweeping nature of the Superfund law. A company can be required to pay cleanup costs, even if its actions were lawful at the time the waste was dumped. Banks can be held responsible if they foreclose on an offending company or get involved in its management. And a company that contributes just a fraction of the waste at a Superfund site could be forced to pick up as much as 100% of the cleanup cost.

"It's really the harshest liability scheme around," says Margaret Murphy, a partner at the New York law firm White & Case, who advises dealmakers on environmental risks. Little wonder that takeover agreements today frequently hold the seller responsible for the cost of cleaning up any identified waste sites.

As happens all too often these days, lawyers have been among the chief beneficiaries to date of the legislation against toxic waste. For example,

In the dumps

The companies below rank among those with the largest number of toxic waste sites in the U.S. designated by the EPA as requiring urgent attention. EPA data on these so-called Superfund sites are incomplete, so we asked these companies for their own estimates. B.F. Goodrich, Mobil and Ford refused to cooperate. Cleaning up a Superfund site costs on average $10 million to $30 million, but you can't estimate a company's liability simply by multiplying that average by its number of sites. Many sites involve multiple companies.

Company	Number of sites	Company	Number of sites
General Motors	140	Texaco	40
Westinghouse	80	PPG Industries	37
Union Carbide	75	BASF	35
Chrysler	64	Ciba-Geigy	33
Du Pont	64	ICI	32
Shell Oil	59	Dow	31
Ashland Oil	45	Mobil	25*
Allied-Signal	44	BF Goodrich	25†
Monsanto	42	Rohm & Haas	24
General Electric	41	Ford	21*

*EPA estimates, based on incomplete data. †FORBES estimates. *Source: Company estimates*

Southland Corp. is suing Ashland Oil and its Ashland Chemical unit in a dispute over cleanup costs at a Southland chemical plant in New Jersey, once owned by Ashland. Toxic chemicals were dumped there over the course of three decades.

Dozens of companies, including Westinghouse, SCM and United Technologies, have flooded state courts with lawsuits alleging that insurance companies are liable for cleanup bills. So far only a handful of these cases have been decided, and the results are mixed.

In two recent decisions, companies with cleanup problems lost out. In December, a California jury said Shell Oil—not its insurers—must pay to clean up contaminated groundwater at the Rocky Mountain Arsenal. That means Shell and the U.S. government will split costs, which could exceed $1 billion. Then, in April, a New Jersey court held Diamond Shamrock responsible for the $10 million to $20 million it will cost to clean up a chemical plant contaminated with dioxin, a toxic substance created when making Agent Orange. Diamond Shamrock's insurers won't have to pay a penny for the cleanup.

But insurers are by no means off the hook. In April, for example, a California appeals court ruled that insurers would have to pay some $100 million to clean up contaminated groundwater near an Aerojet-General rocket engine plant. What's more, a report last fall by Standard & Poor's Corp. suggests that even if insurance companies get stuck with only 15% of the cleanup costs, the resulting losses could exhaust the property/casualty industry's $100 billion surplus.

Says Skadden partner Mitchell Bernstein, "Everybody's looking for environmental attorneys." ■

Enron Corp.'s earnings have been disappointing. Its potential, however, remains as great as it ever was.

The hour before the dawn

By James Cook

IF THINGS HAD GONE according to plan, Houston's Enron Corp. would be sitting pretty these days. As the U.S.' largest natural gas pipeline system, it would be well on the way toward earning the 17% to 20% return on stockholders' equity it had targeted for 1990. But life seldom goes according to plan.

By the end of last year its return on equity was a modest 7.3%, and its $130 million in earnings as much a tribute to its bookkeeping as to its operating skills.

"It's taken us longer to get the merger together," says Enron President Kenneth L. Lay, 47, "because of the price environment." Meaning Enron miscalculated badly about natural gas prices, which, instead of going up as expected, dropped from $3.19 per thousand cubic feet in 1985 to $1.51 in 1987 and $1.56 last year.

Enron is loaded with debt as a result of the 1985 merger of Internorth and Houston Natural Gas pipelines that created the company—$3.3 billion versus stockholders' equity of just $1.6 billion. With interest on all that debt running around $400 million a year, versus $320 million the year of the merger, Enron was in a squeeze: interest up, operating earnings down. Lay had no choice but to sell off assets to get debt under control.

Last year, for instance, Enron booked a profit of $97 million before taxes for part of its Mobil Oil holdings, $52 million for a 50% interest in its cogeneration subsidiary and its Canadian operations, and $49 million for a handful of superfluous oil and gas properties. These capital gains helped turn the $40 million or so Enron lost after interest charges and before taxes into a $130 million profit and enabled Lay to cut Enron's debt by over $600 million.

More sales lie ahead. Ken Lay plans to raise cash and book profits by sell-

Corporations and activists crusade against sexual harassment, yet we're told the problem's getting worse. Is it really?

Watch that leer, stifle that joke

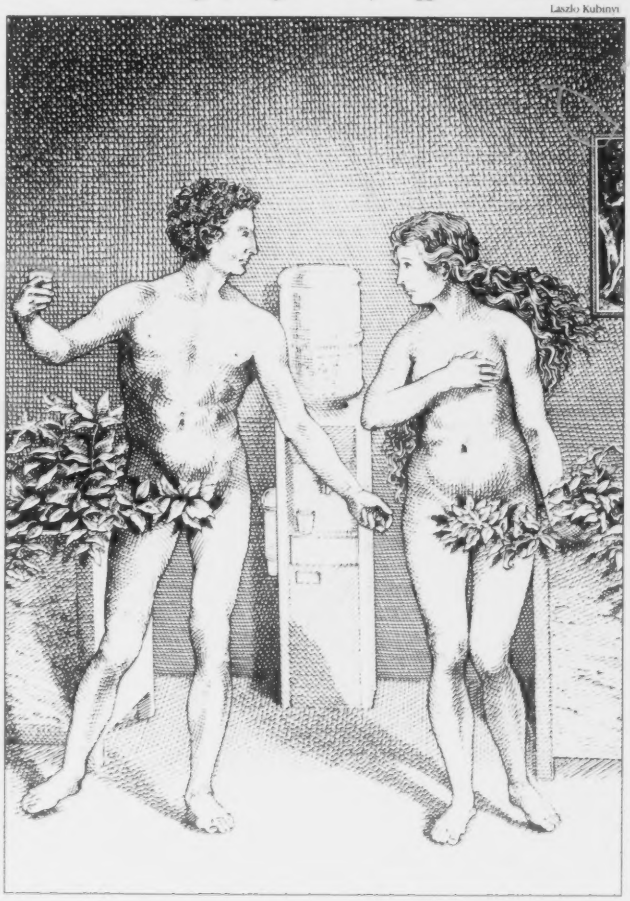
By Gretchen Morgenson

IT'S BEEN ALMOST ten years since the Equal Employment Opportunity Commission wrote its guidelines defining sexual harassment as a form of sex discrimination and, therefore, illegal under Title VII of the Civil Rights Act of 1964.

During that time, women have transformed the workplace, taken on untraditional jobs, excelled in male-oriented businesses, started their own firms and garnered new power on corporate boards.

Have women been harassed every inch of the way by leering, lascivious male chauvinists? It sometimes sounds that way. Following the Equal Employment Opportunity Commission's lead, an estimated three out of four companies nationwide have instituted strict policies against harassment; millions of dollars are dutifully spent each year educating employees in Title VII etiquette.

What are the boundaries? Where does good-humored kidding cease and harassment begin? How deeply should the courts concern themselves with personal behavior and good manners? Requests or demands for sexual favors are clear-cut cases of behavior that lie beyond the pale. Sleep-with-me-and-you'll-get-promoted propositions are clearly illegal. Where the law gets hazy and goes beyond where some reasonable people think the law should go is in what is known as hostile environment harassment—the hazing, joking, sexually suggestive talk between men and the women who work alongside them.



Laszlo Kubinyi

Both types of behavior are increasing? That's the story you get from the media, which loves a salacious issue, and from employee relations consultants who make money telling corporations how to protect themselves from costly harassment claims. These are the loudest voices in the din. Loud but not persuasive.

The peddlers of sex harassment advice have, of course, their own moneymaking agenda. Equally suspect are those extremists who would politicize all of American life and seek to regulate human behavior to suit their private prejudices. These people want to impose stringently moralistic standards on private industry that are not met in any other environment. It's all part of the transformation taking place today in employment law in which employers' responsibilities to their workers seem to grow just as workers' responsibilities to the bosses seem to diminish.

A growth industry has sprung up to dispense harassment advice to worried companies in the form of seminars, videos and group gropes.

The deeper FORBES

delved, the more we became convinced that the alleged increase in sexual harassment was more a product of propaganda from self-interested parties. "At least 35% and as many as 90% of women get harassed," contends Linda Krystal Doran, president of Krystal & Kalan Associates, a sex harassment consultant in Issaquah, Wash. Doran conjures up images of a major portion of the work force wolfishly and lustfully abused by another portion. If her figures are taken seriously, as many as 49 million women are getting pinched, propositioned or annoyed on the job.

But why then is the number of federal cases alleging harassment on the job actually declining? This, in spite of a growing female work force. According to the EEOC, where anyone bringing a federal sex harassment case must first file a complaint, the number of Title VII complaints in which sexual harassment was mentioned peaked at 6,342 five years ago; last year there were 4,984 cases.

Sound like a lot? It's not. It's 0.0091% of the female work force—one in every 11,000. And that's cases filed, not cases proven. Furthermore, these cases may primarily involve other forms of discrimination: race, national origin, color and religion.

FORBES consulted human rights commissions that compile such figures in four populous, regionally diverse states: California, Michigan, New York and Texas *(see chart, page 71)*. Excepting California, where there has been a modest increase, sex harassment cases in these states are down.

Yet the money to be made these days advising corporations on the issue of harassment is not insubstantial. Susan Webb, president of Pacific Resource Development Group, a Seattle consultant, says she spends 95% of her time advising on sex harassment. Like most of the consultants, Webb acts as an expert witness in harassment cases, conducts investigations for companies or municipalities and teaches seminars. She charges clients $1,495 to buy her 60-minute sex harassment video program and handbooks. Webb, who's worked for 350 companies or municipalities, is one of a dozen such consultants, and her prices are typical. Solving the problem is supposed to be their business, but hyping the problem is very much in their personal interests.

Michael Connolly, former general counsel to the EEOC, and now a partner at Cross Wrock in Detroit, says: "There are a lot of bad consultants taking advantage of the fact that harassment is in vogue." There are even consultants who act as agents for other consultants. Jennifer Coplon of Resource Group-Videolearning in Boston represents some 15 sex harassment video producers, connecting them with corporations, universities and government agencies. "Among all employment issues, sexual harassment is the biggest concern among companies," she reports happily.

Sexual harassment became a serious legal issue in the early 1980s, just after the Equal Employment Opportunity Commission published its first guidelines. But it was Meritor Savings Bank v. Vinson, a harassment case that made it to the Supreme Court in 1986, that really acted as a full employment act for sex harassment consultants. In Vinson, the Supreme Court conveyed the idea that employers could limit their liability to harassment claims by implementing antiharassment policies and procedures in the workplace. And so the antiharassment industry was born. Even today corporate attorneys are sometimes the best salespeople for the sexual harassment prevention industry. They tell their bosses that the existence of a corporate program should be part of a company's legal defenses.

No surprise then that sexual harassment consultants like to claim the problem is getting worse, not better.

What about those bothersome EEOC numbers? The consultants say that there is a more than offsetting increase in private suits. Really? There's simply no proof that huge or increasing numbers of private actions are being filed and litigated. The San Francisco law firm of Orrick, Herrington & Sutcliffe has monitored private sex harassment cases filed in California since 1984. From 1984 to March 1989, the number of sexual harassment cases in California that were litigated through to a verdict totaled 15. That's in a litigation-happy state with 5.8 million working women.

Those sex harassment actions that do get to a jury are the ones that really grab headlines. A few scary awards have been granted recently—five plaintiffs were awarded $3.8 million by a jury in a North Carolina case against a Texas S&L, Murray Savings Association—but mammoth awards are often reduced in subsequent court proceedings. In California the median jury verdict for all sex harassment cases litigated since 1984 is $183,000. The top verdict in the state was just under $500,000, the lowest was $45,000. California, known for its sympathetic jurors, probably produces higher awards than most states.

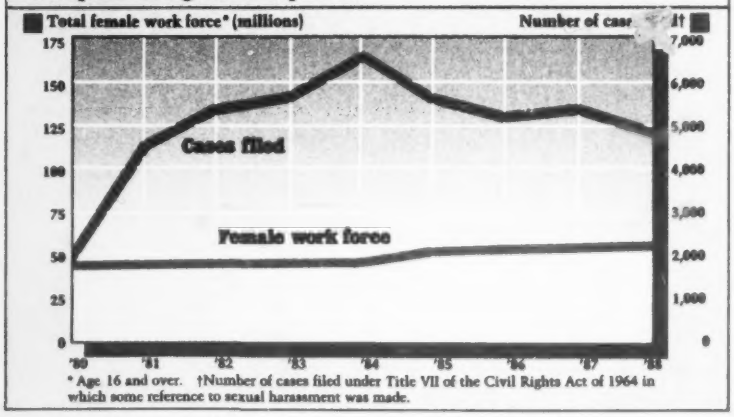
Paul Tobias, a partner at the Cincinnati law firm of Tobias & Kraus and executive director of the Plaintiffs Employment Lawyers Association, for the past decade has focused on individual employees' problems, including sex harassment. His experience? "During a year, 10 or 15 people may come in and complain; maybe one of those cases is winnable."

Of the dozen or so labor lawyers FORBES interviewed—from both plaintiffs' and defendants' bars—most feel that job-related harassment, though not gone, occurs much less frequently now than it did ten years ago.

Well, maybe, the sex harassment industry replies, but that's only be-

Harassment in the nation

Since 1984, complaints alleging sexual harassment filed with the Equal Employment Opportunity Commission in Washington, D.C. have declined. This, in spite of a steadily increasing number of females in the workplace during the same period.



* Age 16 and over. †Number of cases filed under Title VII of the Civil Rights Act of 1964 in which some reference to sexual harassment was made.

cause women are afraid or ashamed to complain. Bringing a sex harassment case is similar to filing a rape case, consultants and lawyers say; both are nasty proceedings that involve defamation, possible job loss and threats to family harmony. "More people are experiencing harassment, but they may not want to bring a case," says Webb, the Seattle trainer.

Maybe so, but there is no evidence of this. After reading cases and talking to the lawyers who litigate them, it becomes clear that women have become much more aggressive in filing sex harassment claims.

According to the New York State Division of Human Rights, more than half of the complaint outcomes from 1980 through 1986 were dismissed for lack of probable cause. Actual number: 521, or 52%. Compare this with the cases in which probable cause was found and a conciliation was reached: 39, or 4% of the total.

One explanation for the large percentage of dismissed cases is that hostile environment harassment is difficult to define. Asking a subordinate to perform sexual favors in exchange for a raise is clearly illegal. But a dirty joke? Behavior that one woman may consider harassment could be seen by another as a nonthreatening gag. Whose standards should be used?

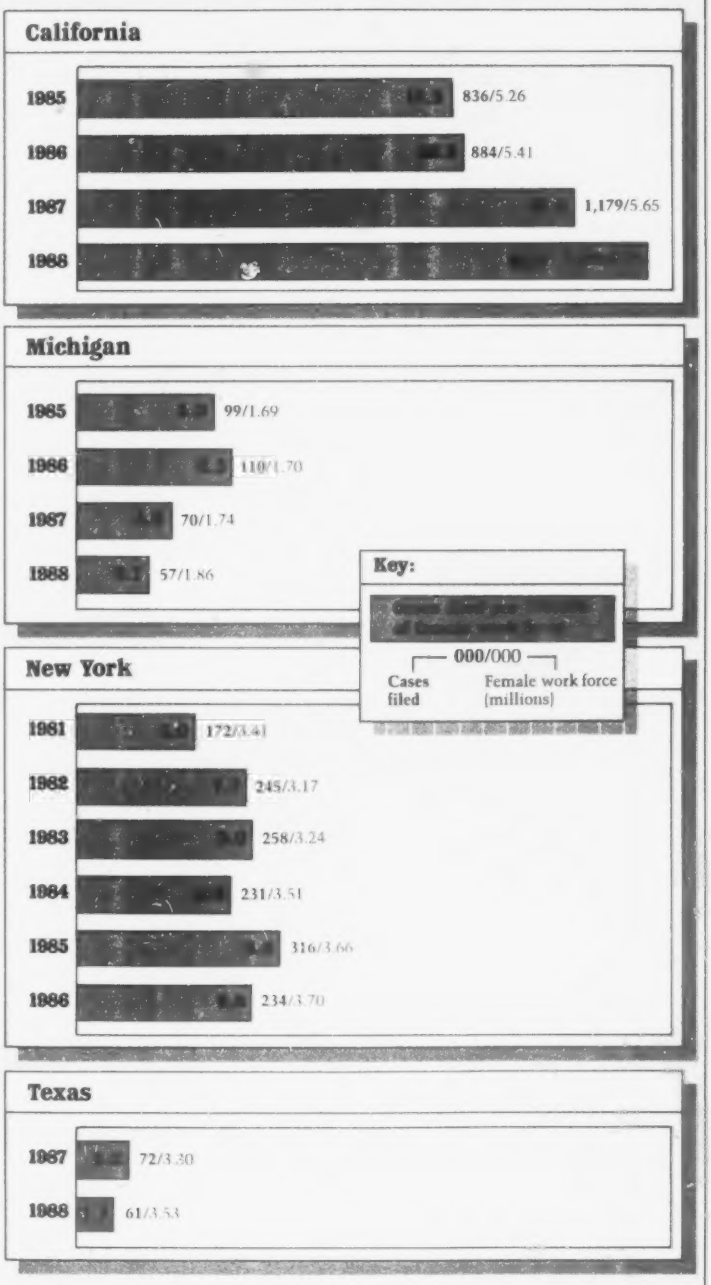
Under tort law, the standard that must be met is called the reasonable person rule. This means that the behavior that has resulted in a case—such as an assault or the intent to cause emotional distress—must be considered objectionable by a "reasonable person." The EEOC follows this lead and in its guidelines defines environmental harassment as that which "unreasonably interferes with an individual's job performance."

How to define that? Says Freada Klein of Klein Associates, a Boston consulting firm: "My goal is to create a corporate climate where every employee feels free to object to behavior, where people are clear about their boundaries and can ask that objectionable behavior stop." Objectionable to whom? By what standards?

Can rudeness and annoying behavior really be legislated out of existence? Can women really think they have the right to a pristine work environment free of rude behavior? These are permissive times: Mrs. Grundy has been laughed out of most areas of our life. Should she be allowed to flourish in the workplace alone? Says Susan Hartzoge Gray, an employment lawyer at Haworth, Riggs, Kuhn & Haworth in High Point, N.C.: "We condone sexual jokes and innuendo in

Sex in the states

State human rights commissions also process sexual harassment claims. Below are numbers of filed cases per thousand working women in California, Michigan, New York and Texas. These states were chosen because of their large populations and regional diversity. Some of these states have been keeping figures longer than others; with the exception of California, all have seen cases decline in recent years.



Advice to women: Act like a freight train

What industry has the greatest incidence of sexual harassment? Construction, automobile manufacturing, the steel business or some other blue-collar concern? According to surveys, the white-shoe world of financial services.

FORBES asked two finance pros about sexual harassment in their industry.

Liliana Nealon, 41, is a vice president of Union Bank of Switzerland in the bank's New York branch. Nealon runs a corporate foreign exchange desk for UBS, overseeing 12 traders and advising 100 corporate clients. She grew up in Argentina, started in banking at Citibank in 1970 with a bachelor's degree in French. She was the first female trader at Citibank and is one of just a handful of female vice presidents at UBS, but Nealon says: "I've never so much as experienced a hint of harassment. And I don't know anyone who has."

Lucy Johnston

Liliana Nealon of UBS
"You don't have to be masculine, just indispensable."

Why not? "I always wondered," she says. "I'm not a cold person; I'm a flirt. I never wore a man's suit, never tried to hide my femininity. I've probably never been harassed because people see my strength of character. I've always been self-confident because I knew I could get another job. If you do a good job, nobody will question your sexuality.

"I'm a freight train; I don't deviate. I'm going too fast to look at the landscape. If you put it in first gear and keep going, you will be recognized. You don't have to be masculine, just indispensable."

Valerie McDowell, 40-ish, is president and co-owner of an o-t-c firm, William Allen & Co., which she started one year ago in Red Bank, N.J. She's worked on Wall Street since 1967, when she was a new mother and fresh from a divorce. Working for a computer company didn't suit her, so she quit, telling her supervisor she was leaving to work in the market. Says McDowell: "He laughed, and that was all I had to hear; I went and got a job as an assistant trader.

"Do I remember feeling different? Maybe because of my lack of experience, but not because I was a woman."

The closest thing to harassment McDowell experienced was an occasional comment like: "Whaddya got a dame on the desk now?" from traders at other firms. She chalks her experience up to confidence. "If you're insecure, it comes out. Like an animal, you can see vulnerability. Some people are good at finding weakness. But nobody has power over you unless you allow them to have it.

"Me, I plow on through. If you're in my way, that's your problem. If I can't achieve my goal one way, I'll find another way. I won't deviate from my goal. Important thing to remember: You create your limitations. It doesn't have anything to do with biology."—**G.M.**

Steven Boljonis

Valerie McDowell of William Allen
For years, the only "dame on the desk."

the media—a movie might get a PG rating—yet an employer can be called on the carpet because the same thing bothers someone in an office."

In a curious way, the news stories, the harassment seminars, the showing of videotapes—even if educational—can act to perpetuate the woman-as-victim mentality *(see box, above)* There is even a kind of backlash at work. Increasing numbers of wrongful discharge cases are brought by men who believe they were fired because of a false harassment claim.

Yet the noise will probably continue for a long time to come. The demand by some women for a perfect work climate is part of a larger trend in society. Many people feel they are entitled not only to jobs but to work conditions that suit their tastes.

Some of those higher standards, as far as sex harassment is concerned, are approaching the unreasonable. To combat incidents of hostile environment harassment, management is effectively being told to shoulder two new and onerous responsibilities. First, provide a pristine work environment, and second, police it as well.

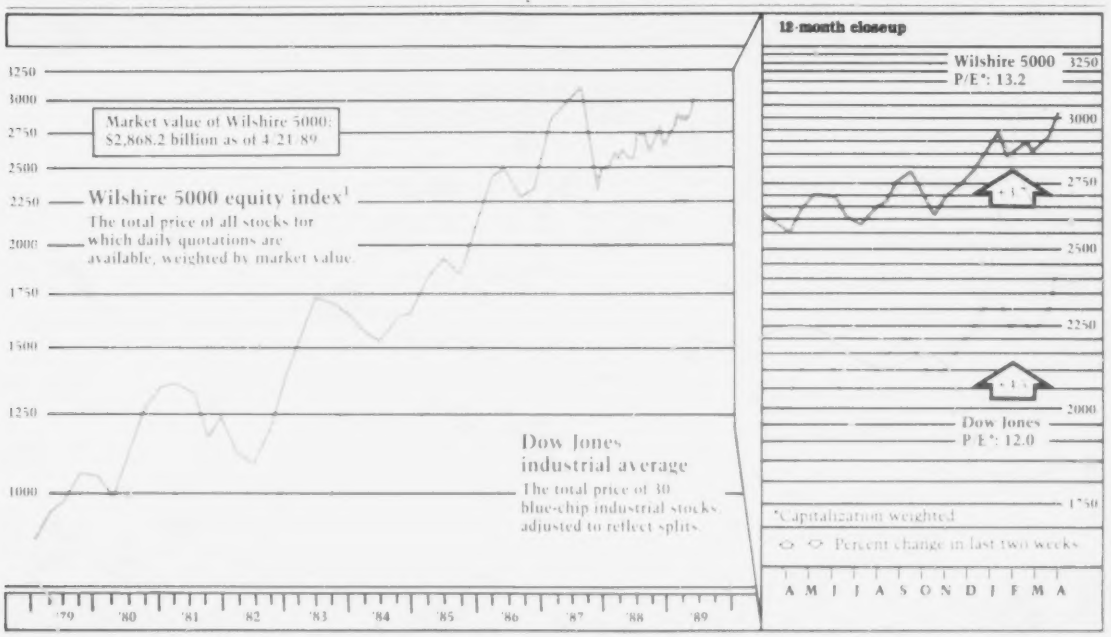
But if women want a level corporate playing field on which they can compete with men, should they expect to be coddled and protected from rudeness or boors? Why can't they be expected to take care of themselves?

Women do themselves and their careers no favors by playing victim. Sexual harassment is not about sex, it is about power. If women act powerless at work, they'll almost certainly be taken advantage of. Women are more powerful than the sex harassment peddlers will have you believe. A woman's power is not in her ability to bring a harassment claim, it's in her ability to succeed on her merits. And to be able to say, "Back off, bub."

As more and more women recognize this, sex harassment will likely become even less of a real problem in the years ahead than it is today. But don't expect the sex harassment specialists to go out of business. They'll only stop levying their special tax on U.S. business and consumers when demand for their services dries up. ■

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Rising earnings set off a bull stampede. Excluding the effect of accounting changes in 1988, General Motors reported a 96% increase in first-quarter earnings; Philip Morris, a 20% improvement. In the last two weeks the two stocks jumped 7% and 5%, respectively. AT&T, another blue chip, announced a 20% increase in first-quarter earnings per share; its stock moved up 11%.

Healthy quarterly reports helped the Dow advance 4.5%, or 105 points, in the last ten trading days. The broad-based Wilshire index rose 3.7%. Nasdaq issues were up 3.2%, and Amex stocks, 3.6%.

Even though the Dow is 20% higher than it was a year ago, rising earnings have kept the price/earnings multiple on the Dow close to 12. Just one year ago the Dow P/E was 15.3. But the yield of the 30 Dow industrials is only 3.3%, the lowest in more than a year. In August of 1987 high stock prices drove the Dow yield down to 2.6%. The crash soon corrected this abnormality.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	6.5	6.8	7.4	6.3	5.5	5.7
in last 52 weeks	17.6	17.4	19.6	17.6	15.0	13.3

Stock performance based on six key investor yardsticks[3]

Percent change	Company size		Volatility[4]		P/E multiple		Dividend yield		Growth profile[5]		Share price	
	large	small	high	low	over 21	under 8	over 4.5%	none	high	low	over $34	under $4
in last 4 weeks	6.7	3.5	4.7	3.2	4.4	4.2	2.5	4.5	4.1	4.5	5.6	2.6
in last 52 weeks	19.6	14.9	12.7	8.3	26.0	14.0	3.5	17.1	12.6	14.6	22.8	–0.5

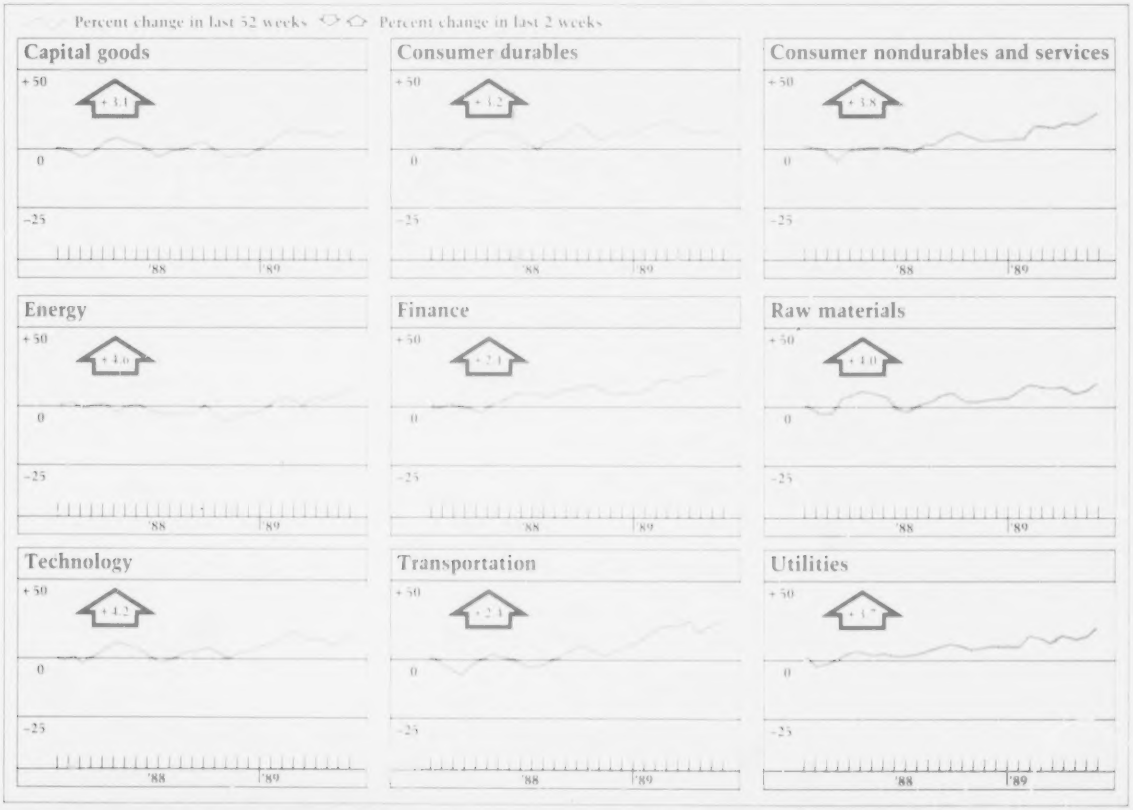
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of stock splits made after index was created. Based on sales. [2]Equal weighted indices containing all shares with market capitalizations over $1 billion. [3]A stock's sensitivity to overall market movements. [4]Higher volatility issues have wide price fluctuations; low volatility issues are more stable. [5]A qualitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/21/89. Prepared by Wilshire Associates, Santa Monica, Calif.

Where the Action Is

After the spill. Of the four sectors that outperformed the Wilshire index during the last two weeks, energy stocks, with a 4.6% jump, were on top. OPEC unity and lower supplies of oil, not to mention speculation on the Alaskan oil spill, have pushed up oil prices. Technology advanced 4.2% as Oracle Systems, Computer Associates and Mentor Graphics all posted better than 14% gains. So did Perkin-Elmer, which announced a plan for restructuring.

Finance stocks brought up the rear with only a 2.1% increase. While other businesses were generally reporting strong earnings, J.P. Morgan, Primerica and Bank of New England announced lower first-quarter results. Not surprisingly, all three of these stocks declined more than 3% during the last two weeks.



What the Analysts Think

Eastern's collapse is helping its competitors. During the last two weeks security analysts increased their estimates for the transport sector by 1.3%. The 1989 forecasts for Delta and UAL were raised more than 5%, to $7.33 and $17.15, respectively. But there is a threatening blip on the radar: rising fuel prices.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.30	12.7
1989 estimates	3.88	10.8
1990 estimates	4.24	9.9

Rank based on change in estimate	Sector	Estimated 1989 EPS	Estimated 1989 P/E	% change in 1989 estimate in 2 weeks	% change in 1989 estimate in 4 weeks
1	Transportation	$2.86	10.7	1.25%	1.27%
2	Energy	2.02	13.4	0.25	0.86
3	Raw materials	3.46	9.4	0.09	0.44
4	Capital goods	2.99	12.7	0.03	0.88
5	Utilities	3.06	10.6	-0.06	-0.18
6	Consumer nondurables	2.72	14.1	-0.24	-0.31
7	Finance	3.75	8.6	-0.38	-0.49
8	Technology	3.13	11.4	-0.76	-1.83
9	Consumer durables	4.24	10.2	-1.91	-1.45

Estimates are compiled and updated continually by the Institutional Brokers Estimate System.

Note: All data for periods ending 12/31/88. Prepared by Wilshire Associates, Santa Monica, Calif. IBES, courtesy of Lynch, Jones & Ryan, New York.